

STATE OF IOWA
PUBLIC EMPLOYMENT RELATIONS BOARD

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| In the Matter of Fact Finding | * | |
| Between | * | |
| | * | FINDINGS |
| THE POLICE LABOR RELATIONS | * | AND |
| ORGANIZATION OF IOWA CITY | * | RECOMMENDATIONS |
| | * | |
| | * | |
| | * | |
| and | * | Anna DuVal Smith |
| | * | Fact-Finder |
| CITY OF IOWA CITY | * | |
| | * | |

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PUBLIC EMPLOYMENT
RELATIONS BOARD

Appearances

For the Police Labor Relations Organization of Iowa City:

Bob Rush, Esq.
Rush & Nicholson, P.L.C.
100 First Street SW, Suite 111
P. O. Box 637
Cedar Rapids, IA 52406-0637

For the City of Iowa City:

Steven B. Rynecki, Esq.
von Briesen & Roper, S.C.
411 East Wisconsin Avenue
Milwaukee, WI 53202

I. SUBMISSION

This matter came for hearing at 9:15 a.m. on February 23, 2005, at City Hall in Iowa City, Iowa, before Anna DuVal Smith who was appointed Fact Finder pursuant to Section 20.21 of the Iowa Public Employment Relations Act. Present in addition to counsel for the Union were President David Gonzalez, Vice President Robert Gass, Secretary Derek Frank, Treasurer Jenny Clarahan, member David Nixon, and economist Wayne Newkirk, Ph.D. Present for the City in addition to counsel were Assistant City Manager Dale Helling and Capt. Matt Johnson. Both parties were afforded a complete opportunity to examine witnesses, to present written evidence, and to argue their respective positions. The oral hearing concluded at 12:25 p.m. Post-hearing written summations were submitted on February 28, 2005, whereupon the record was closed. In rendering these findings and recommendations, the Fact Finder has given full consideration to all reliable information relevant to the impasse issues and to the criteria specified for arbitrator consideration in Section 20.22 (9) of the Iowa Code, to wit:

- (a) Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- (b) Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- (c) The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- (d) The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

II. BACKGROUND

Located on the Iowa River in eastern Iowa, Iowa City is home to the University of Iowa. The 2000 census ranks it as Iowa's sixth in population with 62,220 residents. The Iowa Press Citizen reported on February 25, 2005, that it was considered as one of the most financially fit metropolitan areas of its size category in the nation (PLRO Ex. 11). Its general fund budget for fiscal year 2005 is \$41.8 million, 3.2% greater than fiscal year 2004's, and is projected to grow 4.2% to \$43.6 million for fiscal year 2006. Forty-five percent of general fund revenues come from property taxes. Its police department employs approximately 72 sworn officers of which approximately 56 comprise the police officers represented by the Police Labor Relations

Organization of Iowa City ("PLRO"). The City has traditionally compared itself with the other eight Iowa cities which have populations greater than 50,000 plus Cedar Falls (population 36,145) because it, too, is home to a university. The PLRO includes West Des Moines in its list of comparable communities because of its size, but the City excludes it because of its rapid growth rate (31.7%, 1990-2000 cf. average of 4.7% for the top nine plus Cedar Falls).¹ The parties submitted productivity data in support of their respective positions:

| City | 2000 Population | Officers ¹ per 1000 capita | Calls per Officer ¹ | Cost per Call ² | Group A Crime per Officer ¹ |
|----------------|--------------------|--|-----------------------------------|-------------------------------|---|
| Ames | 50,731 | 1.0 | 510 | \$97.16 | 68.7 |
| Cedar Falls | 36,145 | 1.2 | 709 | \$74.01 | 50.9 |
| Cedar Rapids | 120,759 | 1.5 | 612 | \$76.38 | 67.1 |
| Council Bluffs | 58,268 | 1.9 | 673 | \$83.53 | 107.9 |
| Davenport | 98,359 | 1.6 | 828 | \$61.77 | 110.4 |
| Des Moines | 198,682 | 1.8 | 430 | \$115.75 | 62.2 |
| Dubuque | 57,686 | 1.6 | 569 | \$86.61 | 45.8 |
| Iowa City | 62,220 | 1.1 | 984 | \$51.85 | 65.2 |
| Sioux City | 85,013 | 1.4 | 448 | \$112.42 | 92.7 |
| Waterloo | 68,747 | 1.7 | 559 | \$91.24 | 71.3 |
| W. Des Moines | 46,403 | 1.4 | 719 | \$70.34 | 52.1 |

¹Sworn officers

² Based on top salary

In addition to the PLRO, the City bargains with AFSCME Local 183 (approximately 300 employees) and the Iowa City Association of Professional Firefighters (about 50), both of which have executed collective bargaining agreements covering fiscal year 2006 and which were voluntary settlements. The history of wage settlements for the three City bargaining units is provided below. It bears noting that the police unit went to fact-finding last year on the same two issues as presented here and voluntarily settled on the fact-finder's recommendation which was to combine a 2.5% base wage increase with increases to the longevity benefit (in order to better

¹PLRO also included Bettendorf (31,275) and Coralville (15,123), the latter of which, though small and growing rapidly, may have some relevance because of its geographic proximity.

compensate those who have reached the top step of the wage scale) and status quo on medical insurance.²

IOWA CITY WAGE SETTLEMENT HISTORY

| | AFSCME | FIRE | POLICE |
|------|---------|---------|---------|
| FY07 | 2.85% | | |
| FY06 | 2.75% | 2.75% | |
| FY05 | 2.65% | 2.75% | 2.50% |
| FY04 | 3.00% | 2.75% | 3.00% |
| FY03 | 3.25% | 3.25% | 3.25% |
| FY02 | 3.25% | 3.25% | 3.25% |
| FY01 | 3.00% | 3.25% | 3.25% |
| FY00 | 3.00% | 3.00% | 3.00% |
| FY99 | 2% - 2% | 2% - 2% | 3.00% |
| FY98 | 3.00% | 3.25% | 3.00% |
| FY97 | 3.25% | 2.80% | 2% - 2% |
| FY96 | 3.00% | 3.25% | 3.25% |
| FY95 | 3.00% | 3.00% | 3.00% |

III. ISSUES AND POSITIONS OF THE PARTIES

The issues before me are the very same ones brought to Fact-Finder Dworkin a year ago, wages and medical insurance.

Wages

The PLRO seeks 4 percent on the base, which it argues is justified for several reasons. One of these is that the City enjoys favorable productivity from its police force. Another is that last year's agreement resulted in a 0.1% decline in the real wage because the CPI-U (all U.S. cities) was 2.6%. What the PLRO asks for FY06 will result in a 1.0% growth in the real wage because the CPI-U is projected to be 3 percent. This will offset the previous year's loss and match police settlements elsewhere in Iowa (3.2%) and in Iowa cities of comparable size (3.3%). Four percent is also justified by the staggering difference between top sergeant and officer pay, which the PLRO calculates as 44.32% compared to the 22.83% average of the eleven Iowa cities

²The parties later, however, arbitrated the meaning of their agreement with respect to medical insurance.

it urges as a reference group. Moreover, it submits that officers should be paid at or near the top of comparable cities as are sergeants.

TOP SERGEANT AND OFFICER PAY

| | Top Sergeant | Officer | Percent Difference |
|----------------|-----------------|-------------|-----------------------|
| Ames | \$64,000.00 | \$49,571.00 | 29.10% |
| Bettendorf | \$64,000.00 | \$56,513.00 | 13.25% |
| Cedar Rapids | \$70,000.00 | \$52,499.00 | 33.34% |
| Coralville | \$68,967.00 | \$46,749.00 | 47.53% |
| Council Bluffs | \$56,267.95 | \$49,440.00 | 13.80% |
| Davenport | \$60,132.80 | \$56,191.00 | 7.02% |
| Des Moines | \$61,381.00 | \$51,147.00 | 20.00% |
| Iowa City | \$71,864.00 | \$49,795.00 | 44.32% |
| Sioux City | \$58,260.00 | \$49,277.00 | 18.23% |
| Waterloo | \$53,539.20 | \$51,022.00 | 4.93% |
| W. Des Moines | \$60,246.00 | \$50,378.00 | 19.59% |

Finally, the PLRO points out that the City's ability to fund what the PLRO asks is not in dispute.

The City offers 2 percent on base wages but submits that this converts to 6.31% when 1.85% growth in health insurance and 2.46% in step movement is included. It admits it is not arguing an inability to fund what the PLRO seeks, but contends that its offer is reasonable in light of the CPI-U (Midwest) growth of 2.4% and voluntary internal settlements of 2.75%. The City urges the fact-finder to consider internal parity as "another relevant factor" contemplated by Iowa law as did the fact-finder last year. Doing so will prevent dissension and competition among the bargaining units. Further, she should resist the PLRO's plea to base its wage increase on the disparity between their own and their supervisors' pay. Their argument is based simply on resentment because the sergeants do not negotiate for themselves but enjoy the fruit of the PLRO's bargaining. Furthermore, the sergeant's jobs are different from the officers' in terms of responsibilities, lack of paid overtime, and the basis for moving through the steps. The City challenges the evidence of the expert witness called by the PLRO saying he should have used the CPI for midwest cities instead of all U.S. cities and his "settlement trend" of 3.2% is misleading because it mixes years and uses cities not comparable to Iowa City. The fact-finder should use

the top ten Iowa cities negotiating police contracts this year to determine the trend. Moreover, the unit's history of wage agreements proffered by the PLRO is misleading because it does not factor in other forms of pay. Finally, it contends that PLRO's productivity data is meaningless. The City has no complaint with its police department's productivity and pays well, ranking first for Iowa cities with populations under 100,000.

Medical Insurance

The City wishes to remove the dollar cap on coinsurance, saying that the PLRO agreed sometime in the past to pay 5 percent of the premium after a phase-in period of \$35 and \$40 caps. The City attempted to implement this understanding last year after the fact-finder recommended no change to the insurance provision, but the arbitrator who ultimately decided the dispute left the strange anomaly of caps alternately between \$35 and \$40 every six months. The City urges this neutral to correct that and recommend the straight 5 percent the PLRO long ago agreed to. It also proposes to increase the maximum out-of-pocket payment for the insured from \$500 to \$1,500, but admits this is something the other units are not doing.

The PLRO wishes to retain the \$40 cap on coinsurance it presently enjoys. It maintains that it is inappropriate for a neutral to compare this bargaining unit's terms and conditions of employment with the private sector because Iowa law requires a comparison with "other public employees doing comparable work," in this case comparable police units. This unit already pays more than officers in comparable cities. In light of this, \$40 is more than reasonable. Moreover, the other two City bargaining units (which are in multi-year agreements) have a cap of \$40 per month and the City admits that its insurance plan is costing less than anticipated.

IV. FINDINGS AND RECOMMENDATIONS

Wages

In terms of compensation for Iowa City's police officers, the dispute centers on four questions: (1) How shall their increase relate to the relevant inflation rate? (2) How shall their

increase relate to comparable police units? (3) How shall the increase relate to other Iowa City bargaining units? (4) How shall their compensation relate to their supervisors'?

With respect to the rate of inflation, I find the CPI-U for midwest cities to be more appropriate than that for all U.S. cities. That rate in 2004 was 2.4%. PLRO's base wage increase was 2.5%. Therefor, it did not experience a real wage decline, particularly when the fact that their cost of medical insurance did not climb. For this reason, the police do not need to make up a loss in real wages.

With respect to other comparable police units, the parties differ very little on what constitutes an appropriate comparison group. Both parties use the top ten Iowa cities as their starting point, adding or subtracting for one reason or another. I have chosen the eight cities common to both parties' groups. West Des Moines might be considered but for its rapid growth rate. Coralville might be considered for its proximity, but it, too, is growing rapidly and is of a much smaller size than Iowa City. Cedar Falls has a university, but it is under 50,000 as are West Des Moines and Bettendorf, neither of which have universities or are contiguous to Iowa City. Taking these eight cities, settlements for fiscal year 2006 are running 2.0% (Council Bluffs) to 4.5% (Sioux City), averaging about 3.1%.³

Turning to internal parity, it is true that both of the other Iowa City units settled for 2.75%, but that was in a somewhat different economic environment and when the City had to deal with more recent difficult financial issues. Moreover, the history of bargaining over the past eleven years and even in the last two, shows that this City does not routinely engage in pattern bargaining with its three unions. But even if it had, an internal pattern may be broken for a good reason. Last year, for instance, the police accepted less on base wages than their co-workers did for which they received an improvement on longevity for the sake of their compensation relative to that of the sergeants. This would have adversely affected their current earnings from overtime

³Cedar Rapids 2.7%, Council Bluffs 2.0%, Davenport 3.0% (PLRO Ex. 11, p. 46) or 2.25 + 2.0% (Newkirk testimony), Des Moines 2-3% (Newkirk testimony), Dubuque 3.5%, Waterloo 3.0 or 3.5% (PLRO Ex. 11, p. 46 & 47).

and their future retirement income. Moreover, it did not cure the wage differential problem though it did make a step in the right direction.⁴ When the maximum longevity (\$1,300) is added to the top officer's salary, the differential drops from 44.32% to 40.6%, still a far cry from the average differential of top salary plus maximum longevity of 20.3%, calculated from data in PLRO's Exhibit 11 and City's Exhibit 1.

SERGEANT-OFFICER DIFFERENTIALS

| | Top Sergeant ¹ | Officer ² | Longevity Maximum ² | Salary + Longevity | Percent Difference |
|----------------|------------------------------|----------------------|-----------------------------------|-----------------------|-----------------------|
| Ames | \$64,000 | \$49,571 | \$650 | \$50,221 | 27.4 |
| Cedar Rapids | \$70,000 | \$52,499 | \$1,200 | \$53,699 | 30.4 |
| Council Bluffs | \$56,268 | \$49,440 | \$1,020 | \$50,460 | 11.5 |
| Davenport | \$60,133 | \$56,191 | In salary | \$56,191 | 7.0 |
| Des Moines | \$61,381 | \$51,147 | \$2,688 | \$53,835 | 14.0 |
| Dubuque | \$60,673 | \$42,745 | \$2,464 | \$45,209 | 34.2 |
| Iowa City | \$71,864 | \$49,795 | \$1,300 | \$51,095 | 40.6 |
| Sioux City | \$58,260 | \$49,277 | \$1,680 | \$50,957 | 14.3 |
| Waterloo | \$53,539 | \$51,022 | \$720 | \$51,742 | 3.5 |
| Average | | \$50,187 | \$1,465 | \$52,216 | 20.3 |

¹PLRO Ex. 7 except Dubuque from City Ex.1

²PLRO Ex. 11

I have considered what should be done about this, given that percentage increases on the base wage will not cure the structural problem and that longevity increases have the adverse effects cited above. Substantially rewriting a wage structure is not something a neutral should be doing on her own motion and I lack authority over the sergeants' pay anyway. The police officers are due for an inflation-matching increase. The City can afford it and the comparables support it, but it should not all go on the base because of the structural issue. Moreover, Iowa City police longevity is still below average (\$1,465 in the eight cities where longevity is not rolled into salary). I therefore recommend that \$150 be added to longevity every 5 years beginning at 10 years, that \$75 be added to longevity at 5 years, and that base wages be increased by 3 percent.

⁴Like my predecessor, I reject the City's argument that overtime earnings are a base-pay equivalent.

Medical Insurance

It is difficult to know what, exactly, the parties agreed to for the future when they negotiated the original coinsurance language, for they only reduced the 5%/\$35-\$40 cap language to writing and wrote nothing about their intention after that. Yes, the caps expired at the end of the contract expiring in 2004, but both parties were then free to propose any sort of changes to the provision they cared to, as the City's proposals in 2003-2004 amply demonstrate. Other than Helling's testimony about what he thought the Union agreed to some time ago, there is nothing to support the City's proposal. Three of the comparison cities have fully paid medical insurance, three others have family caps smaller than the \$40 presently being paid by the PLRO or have a two-tier structure, and the seventh police unit contributes a percentage of the premium. Internally, the data are not favorable to the City either and, as Fact-Finder Dworkin held, this is a benefit where internal parity is rightly accorded great weight. I do, however, recommend that the absurdity of alternating caps be eliminated by retaining only the higher one as proposed by the PLRO.

V. SUMMARY OF RECOMMENDATIONS

| Item | | Recommendation |
|------------|----------|----------------|
| Wages: | | Increase by 3% |
| Longevity: | 5 years | \$500 |
| | 10 years | \$900 |
| | 15 years | \$1,050 |
| | 20 years | \$1,200 |
| | 25 years | \$1,450 |

Medical Insurance: Amend Section 1 as follows:
The City shall, at no cost to the officer, maintain for each officer and eligible dependents the medical insurance policy now in existence or its equivalent in coverage. Employees who elect to obtain family coverage will pay five percent (5%) per month of the monthly premium (prorated for part-time employees) toward the cost of such coverage subject to a cap of \$40.00 per month. The parties agree to actively pursue incentives and/or alternatives to existing health care plan and pledge their mutual cooperation to achieve this end. However, no such programs will be implemented except upon mutual agreement by the City and the Union.

Respectfully submitted,



Anna DuVal Smith, Ph.D.
Fact-Finder

Cuyahoga County, Ohio
March 9, 2005

CERTIFICATE OF SERVICE

I certify that on the 9th day of March 2005 I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Bob Rush, Esq.
Rush & Nicholson, P.L.C.
100 First Street SW, Suite 111
P. O. Box 637
Cedar Rapids, IA 52406-0637

Steven B. Rynecki, Esq.
von Briesen & Roper, S.C.
411 East Wisconsin Avenue
Milwaukee, WI 53202

I further certify that on the 9th day of March 2005 I submitted this Report for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319.



Anna DuVal Smith, Ph.D.
Fact-Finder